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Sectors: Fostering Competitive Services
Sectors in Developing Countries
First session
Geneva, 26 October 1992
Agenda item 6

DRAFT REPORT OF THE STANDING COMMITTEE ON DEVELOPING SERVICE SECTORS: FOSTERING COMPETITIVE SERVICES SECTORS IN DEVELOPING COUNTRIES

Held at the Palais des Nations, Geneva,
from 26 to 30 October 1992

Rapporteur: Mrs. E. Gonzalez Marrero (Cuba)

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INTRODUCTION

1. The Standing Committee on Developing Services Sectors: *Fostering Competitive Services Sectors in Developing Countries*, established in accordance with paragraph 70 of the Cartagena Commitment, held its first session at the Palais des Nations, Geneva, from 26 to 30 October 1992. In the course of the session, the Standing Committee held ... plenary meetings. 1/

Opening statements

2. The Chairman stated that the overall objective of the Committee had been clearly spelled out in the terms of reference agreed upon by the Trade and Development Board at the second part of its thirty-eighth session (21 April to 7 May 1992). The Committee's main task was to translate the various elements in the terms of reference into the specific tasks which would constitute its work programme over the next four years. The extensive work on services conducted within UNCTAD over the past decade would serve as a good foundation. It was clear that the participants at UNCTAD VIII had envisaged the work of the Committee as being complementary to efforts under the Uruguay Round to establish a legal framework for pursuing the progressive liberalization of trade in services. He was certain that the Committee could devote its energies to assuring the increased participation of developing countries in world trade in services without fear of duplication of effort. He then put forward five major objectives for the work of the session: to translate each of the items in the terms of reference into specific tasks; to agree on a programme for carrying out this work; to determine the extent to which Governments themselves would be prepared to contribute to the technical work of the Committee; to identify items suitable for work by expert groups; to agree on modalities for a more active involvement of non-governmental actors, particularly the enterprise sector. The formal debates during the session were expected to draw out country-specific interests which would guide this work. The informal discussions would allow flexibility in dealing with particular concerns. However, it should be borne in mind that the main purpose of the present exercise was to provide countries with viable development policies. To this end, he hoped that the "Spirit of Cartagena" would continue to guide the work of the Committee.

1/ For the terms of reference of the Standing Committee on Developing Service Sectors, see Trade and Development Board decision 398 (XXXVIII) annex B.

3. The Deputy Secretary-General of UNCTAD said that in establishing a Standing Committee on Developing Services Sectors, the Eighth Session of the United Nations Conference on Trade and Development (UNCTAD VIII) had recognized the strategic role of services for the development process. The subject was not new to UNCTAD. Since its inception, UNCTAD had been involved in specific service sectors such as transport, insurance and financing related to trade. Service issues had also been addressed in the context of UNCTAD's work on transfer of technology and restrictive business practices. UNCTAD's role had progressively moved towards treating the subject in terms of the development process, including trade in services and liberalization of trade in services for the developing countries. The Trade and Development Report, 1988 and the UNCTAD VIII Analytical Report by the UNCTAD secretariat to the Conference (TD/358) constituted a synthesis of this work. In addition to general analyses, the UNCTAD secretariat had also undertaken country and sectoral studies. This was done in the context of technical assistance provided to interested countries for assessing the importance of the services sector to economic development. UNCTAD VIII had considerably strengthened the mandate in this area, as reflected in the comprehensive and detailed terms of reference of the Standing Committee on Developing Services Sectors. These action-oriented terms of reference covered both general and specific aspects regarding promotion of competitive service sectors.

4. With a view to setting the best action course the Committee would need to take an innovative approach aimed at the active collaboration of Governments, experts, representatives of the private sector and the secretariat. The terms of reference called for a comparative analysis of national policies for the promotion of the services sector and Governments had a unique contribution to make to this endeavour. Complex technical subjects such as access to information and distribution channels implied close collaboration with the private sector and the scientific community. The secretariat had accumulated considerable experience in this area through its technical assistance activities and hence attached great importance to the contribution of the private sector and experts to the work of the Committee. If the present session were to decide on establishing groups of experts charged with analysing some of the more complex issues that arise in this sector, these groups could prepare material for intergovernmental discussion. The Cartagena Commitment (in para. 59) called for close collaboration between the Committee

and other institutions involved in the services sector. For this delicate but important collaboration, consultations and cooperation would have to be intensified if the benefits were to be reciprocal. The secretariat was prepared at the request of Governments to undertake studies and analysis for future deliberations, calling on the private sector, non-governmental organizations and academic expertise as needed. As the Chairman had already stated, at its first session the Committee was expected to review each element of the terms of reference and under each point decide on specific action. While beyond doubt a heavy agenda, the work accomplished in informal meetings should allow decisions to be taken which would facilitate the task at hand.

5. The spokesman for the Asian Group (India) stated that paragraphs 177 to 188 of the Cartagena Commitment and the terms of reference for the Standing Committee on Developing Services Sectors had specified a clear mandate for the work on services. Paragraphs 18, 47, 51, 57 and 69 of the Cartagena Commitment were likewise relevant for directing the Committee's course of action. The importance of the development of the services sector in terms of economic growth could not be over-emphasized; like the manufacturing and agricultural sectors, it held benefits for employment, production processes and marketing. The small share of developing countries in trade in services had been highlighted in TD/358. In 1989, world exports and imports of services amounted to US\$ 608.5 billion and \$483.4 billion, respectively; of those totals, only 20 per cent was accounted for by developing countries; for most of them, in fact, the service sector remained a deficit item.

6. The work of the Standing Committee on Developing Services Sectors could profitably focus on the following: first, human resources development was vital. In the context of services in developing countries, it would be important to review this aspect, with a view to identifying both areas of weakness and strength. A broad range of policies should be examined in terms of assisting developing countries to strengthen their institutional, technological and physical infrastructure relating to services, with emphasis on knowledge-intensive and producer services related to primary and manufacturing sectors and telecommunications. Secondly, sector-specific policy options would have to be analysed with a view to enhancing the capacity of the developing countries to absorb and benefit from information related to a particular service, production, trade or technology. Thirdly, the export of services by developing countries should be examined. Apart from identifying

areas of comparative advantage, it would be pertinent to examine their difficulties with increasing such exports. This would include:

(i) identifying the necessary policies for greater cooperation with other countries, (ii) analysing questions of access to information networks and distribution channels, and (iii) improving the skills needed for marketing export-competitive industries and labour. Ways to enhance the share of developing countries in specific services where they could have a competitive edge, such as engineering design, construction, tourism, etc., could be covered as well. For engineering and construction services, particular attention should be given to cross-border employment. For the travel industry it would be helpful to have recommendations on how the share of developing countries in the volume of air travel could be enhanced. Ways and means should be sought to improve: (i) the collection and processing of data related to international transactions in tourism; (ii) access to developed country markets; (iii) provision of financial and technical resources for enhancing the competitiveness of the tourism sector in developing countries; and (iv) regional and inter-regional cooperation. Developing countries could make a niche for themselves in data processing and software services; temporary cross-border mobility of highly skilled, semi-skilled and other labour would be highly important in this regard as would cooperation on improving telecommunications services.

Chapter I

ESTABLISHMENT OF THE WORK PROGRAMME OF THE STANDING COMMITTEE

(Agenda item 3)

7. The representative of Argentina said that the process of internationalization of trade in services, and the growing proportion assumed by the services sector in world trade, called for measures to accelerate the search for ways in which developing countries could increase their participation in international trade in services. To this end, the Standing Committee on Services should diagnose the real needs of developing countries in order to design international policies that could be effectively implemented. Intensive work could be undertaken on the following areas: (a) a study of subsidies in the services sector, including corrective measures; (b) an analysis (complementary to the provisions of the Uruguay Round draft Final Act) of the measures affecting the ability of developing countries to take advantage of the mobility of professionals and specialists across national frontiers to supply services, as well as problems arising from harmonization of qualifications; (c) an analysis of problems of access to information networks and the technology and the distribution channels, to be undertaken in collaboration with experts from the private sector; (d) an analysis of problems in the financial services, including access to markets for banking, as well as questions linked to commercial presence and taxation. In proposing this last analysis, it was not intended to increase the particular sensitivity that characterized discussions on the financial sector. These suggestions were to be considered merely indicative, not exhaustive. It was important to hear the views of all members so as to formulate a precise diagnosis of the steps that must be taken in order to increase the participation of developing countries in trade in services.
8. The representative of China said that his delegation attached great importance to the programme of work which would be formulated at the present session thus enabling the Standing Committee to contribute over the next four years to the promotion of the service sectors of developing countries as well as to the growth of their trade in services. Referring to the multilateral framework on trade in services laid down in the Uruguay Round, which would provide the countries of the world with opportunities to participate in the process of liberalizing world trade in services, he noted that more and more countries, especially developing ones, had begun to recognize the growing

importance of trade in services in world trade as a whole. While the environment and situation of trade in goods for developing countries were currently unfavourable, the conditions for them in terms of trade in services were even less attractive. The developed countries, with their financial and technological superiority, accounted for over 80 per cent of world trade in services. They also possessed a solid base and vast competitive experience in the subsectors of finance, telecommunications, technical design, information, transportation, etc. In contrast, the developing countries relied mainly upon tourism and labour for export earnings. The development of their basic service infrastructure was handicapped by a lack of adequate financial resources and technology. In discussing trade liberalization in the Uruguay Round, the developed countries should take into account the special situation of the developing countries and provide them with preferential treatment and improved market access. Recalling UNCTAD's previous work in the area, the various analytical reports prepared by the secretariat in the past few years had served as valuable references. In formulating the Committee's work programme, due attention should be paid to improving and implementing domestic policies as well as to the coordination of international policies and their impact. The Committee, as a multilateral intergovernmental body, should be able to make a big contribution towards creating conditions for international cooperation and promoting the support and assistance of the international community to the developing countries. In this context the developed countries would be expected to assume their responsibilities and obligations not only because of their dominant position in world trade in services and accumulated experience in developing their own service industries, but also because of having the resources and technology to help the others to develop their service industries.

9. China's service industries were rather backward, he said, accounting for only 30 per cent of the country's GNP. However, as an active participant in the Uruguay Round negotiations on trade in services, China was quite prepared to enjoy its rights and to assume its obligations under the new trading system. The current policy of openness and reform pursued by China would promote the development of service industries. The work of the Committee was expected to facilitate the development of service industries in all the developing countries.

10. The spokeswoman for the African Group (Egypt) underlined that the raison d'être of the Standing Committee on Developing Services Sectors was to help create and nurture competitive services sectors in developing countries. Hence there was a need to define and emphasize the role of the developed countries in creating an external environment conducive to the development of services sectors in the developing countries. The second major task of the Committee was to assess the weaknesses and capabilities of the services sectors in developing countries as a whole, with a view to assisting in formulating and designing policy options and alternatives to overcome the weaknesses. Whereas the Uruguay Round should provide a framework for progressive liberalization of trade in services which would expand the participation of developing countries, as stated in paragraph 178 of the Cartagena Commitment and to the Preamble to the General Agreement on Trade in Services, the third major task of the Committee was to identify how the developing countries could enhance their exports of services. Appropriate guidance and policy options at national and international levels were needed to this end. Human resources development constituted the fourth major thrust, with a view to better adaptation to technological advances and information systems. In this connection she referred to paragraphs 9 and 10 of TD/B/CN.4/2 and to paragraphs 1(a) and (d) of the terms of reference of the Committee (TD/B/1323 (Vol.II)).

11. She also made special reference to paragraph 13 of TD/B/CN.4/2, as identifying such crucial sectors for developing countries as infrastructure and other producer services, human resources development, labour and tourism, media and others. There was an urgent need to provide developing countries with appropriate technical assistance in this area. The African Group expected full attention to be given to the needs of the African countries, in accordance with the decision of the Trade and Development Board at its thirty-ninth session and in the interest of the least developed countries in particular.

12. The representative of Japan proposed that the following elements should be taken into account in the work of the Standing Committee on Developing Services Sectors. First, the Committee's tasks should be well defined, with a clear timetable for each activity. The most appropriate work to be initiated would be the review and comparative analysis which were noted in paragraph 1(a) of the terms of reference of the Committee. Secondly, his

delegation shared the view of the secretariat as to the merit of introducing sectoral specificity into the Committee's work. In this regard, telecommunications would be one of the most appropriate sectors as it was crucial to the development process in the era of a global economy. It would also be useful to convene an expert group to identify sector-specific policy options, on the basis of a sectoral study prepared by the secretariat. Thirdly, as was stated in paragraph 9 of the terms of reference, the Committee should provide a forum for the exchange of experiences among member States so as to enable them to draw appropriate lessons for the formulation and implementation of policies at the national and international levels, as well as for international economic cooperation. The member States, particularly developing countries, should be encouraged to make submissions to the Committee as to their experiences and policies at the national level for developing their services sector. A synthesis of the material prepared by the secretariat and other available information related to the role of services in the development process would be useful, and it would contribute to the conduct of the review envisaged in paragraph 1(a) of the terms of reference. An early conclusion of the Uruguay Round would be of critical importance to the development of the services sectors in developing countries.

13. The representative of Chile highlighted the growing importance of services in the world economy. The role of the sector was crucial for developing countries because it could contribute to the growth of other sectors of the economy. Likewise, it had a key function in the strengthening of international trade as well as in promoting the foreign and national investment process for sustainable development. The lack of understanding of the effective role played by services in the development of national economies could lead to decisions being made which would not take into account the medium and long-term potential contribution of services to sustainable development. Inadequate conceptual development in services, ranging from those services which employ unskilled resources as well as high-technology has caused information deficiencies. Traditionally statistics have been highly aggregated thus reducing their usefulness in decision-making in the context of negotiations regarding services in the Uruguay Round. The diversity of the nature and scope of regulations among different countries adversely affected the trade and development of the sector as well. UNCTAD's role should be to obtain a higher degree of transparency in this sector at national and

international levels, so as to assist developing countries through technical assistance in formulating policies and internal legislation for developing the basic infrastructure needed to compete internationally and increase their participation in world trade in services. It was fundamental for the Committee to include in its work programme tasks in the field of information, technological cooperation and market access. To attain this objective, the Standing Committee could undertake: (a) work aimed at compiling and diffusing information at the national and international level to permit the disaggregation of statistics by subsector, and a refinement of the classification of services based on the CPC; (b) to study the possibility of setting up a computerized database on barriers to trade in services; (c) technical assistance programmes aimed at improving the capacity of developing countries in particular to utilize existing information; (d) the establishment of programmes for technology transfer aimed at creating mechanisms to permit and promote the transfer of knowledge from developed countries; (e) identification and analysis of subsectors where developing countries possess comparative advantage and of both horizontal and specific barriers to effective access to markets; (f) analysis of the type of legislation and reglementation that govern production and trade in services, experiences with deregulation, as well as adaptation of laws and regulations to stimulate the sector's development; (g) a study of the mechanisms to promote cooperation and trade in services among developing countries at both global and regional levels.

14. The representative of Australia stated that the two main objectives of the Standing Committee on Developing Services Sectors would be to translate elements in the terms of reference into specific tasks and to agree on a programme for carrying out the tasks, including the setting of a provisional agenda for the second session of the Committee. The Australian delegation was particularly conscious of the need to arrive at a work programme capable of completion within four years. Each country had its own priorities in considering the specific task to be inscribed in the Committee's work programme. Therefore, the discussion on this subject could be handled most effectively in informal meetings. The Committee could undertake very useful work to complement the efforts under way in other international forums. The secretariat had already done valuable work on services, as illustrated in the

report submitted to UNCTAD VIII. It would be important for the Committee to build on this work by providing clear directions in the work programme, setting appropriate priorities for dealing with the issues to be addressed.

15. The representative of the United States of America said that the main aim of the Standing Committee on Developing Services Sectors would be to provide special expertise in the analysis of the services industries in developing countries. It was essential not to duplicate the work being done in other international organizations. The Committee had a unique and important role to play in the area of services. One objective of the Committee would be to enable developing countries to analyse their services industries, with a view to: (a) allowing developing countries to participate more effectively in the exercise of the GATT activities; (b) to identify services in which developing countries would have competitive advantages both nationally and internationally; (c) to identify measures which developing countries could take to improve the competitiveness of their services sectors. Specific ideas on UNCTAD's work programme on services would be elaborated in the informal sessions.

16. The representative of the Russian Federation expressed confidence that the services sector, as a principal source of economic growth and job creation, would bring benefits for countries undergoing economic transition. The Cartagena Commitment and the terms of reference drawn up by the Trade and Development Board constituted the foundation for the programme of work of the Committee. In his view, the background note by the secretariat (TD/B/CN.4/2) was a good synthesis of the mandate, although it failed to address in a sufficiently detailed manner the questions raised in its paragraph 32. He cited paragraph 185 (i) of the Cartagena Commitment and paragraph 5 of the terms of reference of the Committee and suggested that the related provisions of the Cartagena Commitment should be adequately incorporated into the Committee's programme of work, although his country was ready to transmit communications on its actual national experiences, as suggested in paragraph 32 of TD/B/CN.4/2. Because of UNCTAD's universal nature, not to mention the value of its accumulated experience, his country deemed it inappropriate to exclude an analysis of the problems of economies in transition with respect to the services sector. It would be important to define specific services sectors for consideration in terms of appropriate

policy issues. In this connection, the sectors suggested in paragraph 13 of TD/B/CN.4/2 would be adequate. However, the Committee should go beyond simply identifying the sub-sectors and explore actual support at the enterprise level as well. The consideration of regional cooperation should also take up the experience drawn from known cases of such cooperation among countries at different levels of economic development. There was also an interest in creating an information centre on services within the UNCTAD secretariat, in order to fulfil paragraph 2 (e) and 2 (f) of the Committee's terms of reference. In carrying out its task, the Committee should give special attention to the needs of the least developed countries.

17. The representative of Mexico emphasized support for the ideas put forward by previous speakers highlighting the importance of the services sector in international trade and its role in both developed and developing economies. In this respect, there was a need for a detailed analysis of the subject, making the maximum use of existing available resources in other forums; UNCTAD would have to coordinate its work with other organizations: governmental, non-governmental and national. In this task, special attention should be given to prior identification of the most urgent needs from the point of view of the importance of the topic to be treated and the timing of the various undertakings. The following tasks were crucial: to support the effective participation of developing countries in multilateral trade negotiations, allocating the resources necessary for carrying out technical assistance tasks through UNCTAD; and to analyse in detail the impact of subsidies on international trade in services and on the exports of developing countries, in order to identify actions which could be taken at national and international levels to minimize negative effects and to advance the liberalization process.

18. The representative of Austria drew attention to the wealth of areas already set out in the terms of reference of the Committee, on which the future work should be focused. Therefore, in preparing the work programme for the next four years, the Committee should concentrate on identifying priorities from among these areas. Given the vastness of the task, the limited time and resources, it would not be advisable to go beyond the terms of reference when setting the specific tasks to be included in the work programme. It was also no coincidence that in the terms of reference of the Committee, reference had been made (in paragraphs 7 and 13) to the need to avoid duplication and overlap of activities with those of other international

bodies, particularly within the GATT-Uruguay Round. In its work, the Committee should concentrate on complementing these efforts, for instance by a comparative analysis of country experience in developing countries' service sectors and sector-specific policy options available to them. Areas identified as priorities from among those in the terms of reference should be transformed into operational tasks in order to make efficient use of the work of the Committee and its resources.

19. The European Community and its member States circulated a statement at the session noting that it was both timely and essential to analyse and identify the policy for strengthening the production, export and technological capacity of services sectors in the developing countries. Areas requiring close attention included: review of the development of services sectors in developing countries and comparative analysis of policies; strengthening of the institutional, technological and physical infrastructure relating to services; the impact of progressive liberalization on the development of competitive service sectors; examination of policies and programmes in the context of regional cooperation among developing countries. The Community and its member States were fully determined to contribute to this process in a constructive and cooperative manner. The task before the Committee was to turn an institutional decision into an operational contribution towards fostering competitive services sectors in developing countries. The Committee should be guided in this undertaking by its detailed terms of reference. The secretariat's background note (TD/B/CN.4/1) offered valuable guidance. However, it was advisable to examine further the relevant issues before taking a decision to establish expert groups. An alternative to the creation of such groups would be to call on external experts to present their views directly to the Committee. The Committee could profitably take up at its next session a review of the development of services sectors in developing countries including policies aimed at developing the infrastructure and those aimed at the development of human-resources, knowledge-intensive services, and producer services related to primary and manufacturing sectors and telecommunications (paragraphs 1 (a), (b) and (c) of the terms of reference). Members could be invited to make additional submissions to the Committee. More information was needed on the proposals for additional work by the secretariat.

20. The Community and its member States supported the broad thrust of the secretariat's proposal (TD/B/CN.4/2, para. 10) concerning the information related to services production, trade and technology, but recommended that the relevant experience of the International Trade Centre also be taken into account. While sector-specific work would be appropriate for the Committee in due course, the Community and its member States were not ready at the present session to accept the preparation of sectoral studies or to convene expert groups (as suggested in paragraph 13 of TD/B/CN.4/2). Likewise, they favoured further examination, on the basis of a secretariat submission, of the specific issues relating to access to information networks and distribution channels. The case for the establishment of a group of experts on these questions had not yet been made, nor was it appropriate to see the movement of persons as essentially a North-South problem; the consequences for the developing countries could be harmful if attention was focused on the export of cheap labour. The "brain-drain" was one such harmful effect. The study of the impact of progressive liberalization on the development of competitive services sectors should cover the role of services import promotion as well. The proposal for country submissions on experiences and policies (para. 22 of TD/B/CN.4/2) was acceptable in general; the secretariat should be asked to prepare a synthesis of these submissions, for consideration at the second session of the Committee. Paragraphs 28 and 29 of TD/B/CN.4/2 appeared to be fully in line with the overall objectives of the Committee to "complement other international bodies while seeking to ensure that no duplication occurs". In the area of laws and regulations, an inventory could be based on common taxonomy of measures, developed in collaboration with the GATT and other interested organizations. Similarly, work on statistics should be fully coordinated with the GATT, OECD and the United Nations Statistical Office; in this context, the work of the "Voorburg Group" was particularly relevant. A number of issues under consideration should be taken up immediately; decisions on others should be made only when the necessary information was available and should be based on full consensus.

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

21. The first session of the Standing Committee on Developing Services Sectors was opened on 26 October 1992 by the Deputy Secretary-General of UNCTAD.

22. The Deputy Secretary-General of UNCTAD recalled that the pre-session executive session of the Board had agreed that the rules of procedure of the main committees of the Trade and Development Board should be applied to the new Standing Committees, albeit in as flexible a manner as possible, when electing the Officers of the Standing Committees, taking into account the principles of equitable geographical distribution. Furthermore, at the closing plenary of the first part of the thirty-ninth session of the Trade and Development Board, it was reaffirmed that so far as the Standing Committees were concerned, the Chairman and other members of the Bureau of each of these committees should be elected at the beginning of each new session and that prior consultations should be held in order to reach agreement beforehand on the membership of the Bureau of each of these new Standing Committees.

B. Election of officers (agenda item 1)

23. At its 1st plenary meeting on 26 October 1992, the Standing Committee on Developing Services Sectors elected its officers as follows:

<u>Chairman:</u>	Mr. Haron bin Siraj	(Malaysia)
<u>Vice-Chairmen:</u>	Mr. M. Singh	(India)
	Mr. K. Khiari	(Tunisia)
	Miss A. Stoddart	(United Kingdom of Great Britain and Northern Ireland)
	Mr. M. Yabunaka	(Japan)
	Mr. V. Kouychinov	(Russian Federation)
<u>Rapporteur:</u>	Mrs. E. Gonzalez Marrero	(Cuba)

C. Adoption of the agenda and organization of work (agenda item 2)

24. At its 1st plenary meeting on 26 October, the Standing Committee on Developing Services Sectors adopted its agenda, as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Establishment of the work programme of the Standing Committee
4. Provisional agenda for the second session of the Standing Committee
5. Other business
6. Adoption of the report of the Standing Committee to the Trade and Development Board

D. Provisional agenda for the second session of the Standing Committee on Developing Services Sectors (agenda item 4)

[To be completed]

E. Other business (agenda item 5)

[To be completed as appropriate]

F. Adoption of the report of the Standing Committee to the Trade and Development Board (agenda item 6)

[To be completed]

Annex

MEMBERSHIP AND ATTENDANCE

1. The following States members of UNCTAD, members of the Standing Committee, were represented at the session: Afghanistan; Algeria; Argentina; Australia; Austria; Bangladesh; Belgium; Bolivia; Bulgaria; Brazil; Canada; Chile; China; Colombia; Cuba; Democratic People's Republic of Korea; Denmark; Egypt; El Salvador; Finland; France; Germany; Ghana; Greece; India; Indonesia; Iraq; Ireland; Israel; Italy; Jamaica; Japan; Jordan; Lebanon; Madagascar; Malaysia; Mauritius; Mexico; Morocco; Nepal; Netherlands; New Zealand; Norway; Pakistan; Peru; Philippines; Poland; Republic of Korea; Romania; Russian Federation; Saudi Arabia; Senegal; Spain; Sri Lanka; Sweden; Switzerland; Tunisia; Turkey; United Kingdom of Great Britain and Northern Ireland; United Republic of Tanzania; United States of America; Uruguay; Venezuela; Zimbabwe.
2. The following other States members of UNCTAD, not members of the Standing Committee, were represented as observers at the session: Brunei Darussalam; Burundi; Cameroon; Costa Rica; Ecuador; Equatorial Guinea; Namibia; Panama; Portugal; Syrian Arab Republic.
3. The following specialized and related agencies were represented at the session: Food and Agriculture Organization of the United Nations; International Monetary Fund; United Nations Industrial Development Organization. The General Agreement on Tariffs and Trade was also represented.
4. The following intergovernmental organizations were represented at the session: European Economic Community; International Organization for Migration; League of Arab States; Organisation for Economic Cooperation and Development; Organization of African Unity.
5. The following non-governmental organizations were represented at the session: General Category: International Chamber of Commerce; World Confederation of Labour; World Federation of United Nations Associations. Special Category: International Air Transport Association.

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ESTABLISHMENT OF THE WORK PROGRAMME OF THE STANDING COMMITTEE

Draft work programme submitted by the Chairman

1. Pursuant to a New Partnership for Development: the Cartagena Commitment, adopted at the eighth session of the Conference, the Standing Committee agreed, on the basis of Board decision 398(XXXVIII) which sets out in Annex B the terms of reference of the Standing Committee on Developing Services sectors: Fostering Competitive Services Sectors in Developing Countries, the following work programme for the period up to the next session of the Conference.

Promoting Transparency

2. The Standing Committee will:

- (a) develop a conceptual framework for the collection and compilation of internationally comparable statistics on all modes of delivery, in particular with regard to commercial presence and movement of natural persons, as well as contributing to the improvement of the CPC in order to adapt it to the specific needs of international trade in services;

- (b) collect and disseminate information on measures, including laws and regulations, affecting the access of services and service suppliers to world markets, including a study of the possibility of setting up a computerized database in this regard, with a view to enhancing the service exports of developing countries.

Fostering Competitive Services Sectors

3. The Standing Committee will:

- (a) conduct a comparative analysis of services sectors in developing countries; such analysis will: (i) examine the role played by the services sector in contributing to growth and sustainable development, including an examination of the contribution of the producer services sector in facilitating the competitiveness of goods-producing sectors, and to the economy as a whole; (ii) assess weaknesses and capabilities; and (iii) identify policies to assist developing countries in developing and strengthening their competitive services sectors, including infrastructure relating to services;
- (b) facilitate an exchange of experiences with respect to the liberalization of services sectors and the application of laws and regulations aimed at this end, with a view to stimulating the development of these sectors;
- (c) analyse ways and means of fostering the market-oriented development of the services sector including, where appropriate, through deregulation and privatization;
- (d) study the impact of subsidies on trade in services, especially on the exports of developing countries;
- (e) examine ways of enhancing access to and use of information networks and distribution channels;

- (f) examine the role of joint ventures in stimulating the development of services sectors in developing countries and promoting trade in services and their access to technology;
- (g) assess the impact of progressive liberalization and of services imports in the development of competitive services sectors; and examine difficulties faced by developing countries which prevent them from increasing their participation in world trade in services;
- (h) identify and analyse the possibilities for developing country services exports through temporary movement of persons as service suppliers, be it as sole service providers or as personnel;
- (i) Analyse on-going processes of recognition and harmonization of qualifications;
- (j) identify and analyse policies aimed at the promotion of regional, subregional and interregional cooperation in services; including among countries at different levels of economic development;
- (k) in carrying out its work, the Standing Committee would give particular attention to the situation of the least developed countries, and suggest ways and means for improving their capacity.

Strengthening technical cooperation

4. In carrying out the above activities the Standing Committee will identify areas where technical cooperation should be strengthened.

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Agenda item 6

DRAFT REPORT OF THE STANDING COMMITTEE ON DEVELOPING SERVICE SECTORS: FOSTERING COMPETITIVE SERVICES SECTORS IN DEVELOPING COUNTRIES

SHIPPING

First session

Held at the Palais des Nations, Geneva,
from 2 to 6 November 1992

Rapporteur: Mr. Norifumi Ide (Japan)

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INTRODUCTION

1. The Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries - Shipping, established in accordance with paragraphs 70 and 72 of the Cartagena Commitment, held its first session at the Palais des Nations, Geneva, from 2 to 6 November 1992. In the course of the session, the Standing Committee held plenary meetings. */

Opening statements

2. The Deputy Secretary-General of UNCTAD highlighted the particular importance of the first session of the Standing Committee on Developing Services Sectors devoted to shipping for deliberations in UNCTAD and international cooperation in maritime transport. He underlined the main objectives of the meeting in the preparation of the work programme in the fields of shipping, ports and multimodal transport. Recalling the decisions taken at UNCTAD VIII and by the Trade and Development Board in the field of maritime transport, he stressed that this work should be concentrated on reviewing shipping policies and experiences to identify elements leading to the development of competitive services and the consideration of conditions facilitating intra- and interregional cooperation, since competitive services were essential to developing countries' international trade. To achieve this, the total transport chain needed to be combined and strengthened to meet technological change. Specifically, the work should focus on: (1) the development of infrastructure, including ports; (2) the efficient conduct of multimodal transport processes; and (3) human resources needs. He pointed to the importance of strengthening national capacities in these three areas. It was essential to identify the crucial needs of developing countries to enable them to respond to changes, as well as to build up the necessary international cooperation in an integrated and liberal commercial environment.

3. The information contained in the reports prepared by the UNCTAD secretariat gave good indications for possible activities of the organization in the fields concerned, since they reproduced the main findings and

*/ For the terms of reference of the Standing Committee, see Trade and Development Board decision 398 (XXXVIII), annex B.

recommendations of different expert groups. He observed, however, that the report titled "Draft programme of work of the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries: Shipping" (TD/B/CN.4/4) was not a negotiating text but rather an outline of activities that needed to be prioritized.

4. The Deputy Director of the Services Development Division felt that the deliberations on maritime problems in UNCTAD would have a significant impact on the future relationship between developed and developing countries in the field of shipping. Introducing the secretariat document on the draft programme of work (TD/B/CN.4/4), he said that in the field of shipping the proposals were concentrated on four major issues: comparative analysis of national policies and their effectiveness; the analysis of structural changes affecting shipping; shipper/shipowner relations; and review of ECDC policies and mechanisms. In the field of ports, document TD/B/CN.4/4 set out a programme of work which was a result of the recommendations of the Ad hoc Intergovernmental Group of Port Experts held in 1990 and of the research carried out by the secretariat. As ports had evolved from a terminal point in the transport chain into service centres of the international transport network, there was now a need for a wider and more coherent approach to their activities. This evolution in ports was in line with structural and technological changes in trade and transport, such as just-in-time delivery and transshipment. The proposals for work in this area covered the economic, commercial, financial, organizational, managerial, operational, legal and environmental aspects.

5. In the field of multimodal transport, containerization and technological developments, he stressed the need for technical assistance activities and related substantive studies on structural changes in transport supply and demand, changes in transport technology, and changes in the institutional environment of developing countries and countries in transition. The secretariat was therefore hoping to be able to continue the work of the Expert Group on Shipping, Ports and Multimodal Transport.

6. Concerning work on maritime legislation, he gave information about the forthcoming United Nations/International Maritime Organization Conference of Plenipotentiaries on Maritime Liens and Mortgages scheduled to be held in Geneva from 19 April to 7 May 1993 for the consideration and adoption of a draft convention prepared by the Joint UNCTAD/IMO Intergovernmental Group of

Experts. He also recalled the on-going work on general average in the Working Group on International Shipping Legislation, which had held its twelfth session in October 1990, and the pending decision concerning future work on charter parties.

7. Finally, he mentioned the importance of cooperation with non-governmental organizations in implementing the work programme. Their participation was in line with the provisions of the Cartagena Commitment. Moreover, the work of the Expert Group on Shipping, Ports and Multimodal Transport provided an effective means of dealing with problems facing developing countries and could play an important advisory role for the Standing Committee.

8. The spokesman for the Asian Group (Philippines) said that the comprehensive work programme proposed by the secretariat on shipping, ports and multimodal transport, maritime legislation and technical cooperation could be synchronized and harmonized for the facilitation of both international shipping and trade. He strongly supported the focus on the monitoring and analysis of developments and trends in the various fields of maritime transport, maritime legislation and technical cooperation that were supportive of the interests of developing countries in general, as proposed by the secretariat. His Group proposed that high priority be accorded to the following programme activities:

(a) Shipping: Identification of barriers to international shipping; analysis of domestic shipping policies including those of NGOs; the application of liberalization vis-à-vis the Convention on a Code of Conduct for Liner Conferences and the Convention on Conditions for Registration of Ships.

(b) Ports: guidelines for privatization, optimizing existing port facilities, standards for workers' training, monitoring of structural, technological and institutional changes, and identification of areas for enhancing cooperation among port authorities of developing countries.

(c) Multimodal transport: monitoring and analysis of changes in the transport information technology and in transport supply and demand.

(d) Maritime legislation: review of follow-up actions on general average, on charter parties including standards for the use and hire of ships, and on the 1952 Convention on the Arrest of Ships; assistance in the implementation of the Hamburg Rules and the harmonization and modernization of national legislation through a model code.

(e) Technical cooperation: assistance to developing countries on economics and management of shipping, implementation of resolutions and conventions, multimodal transport, containerization and technological developments, management training, requirements for the improvement of shipping.

9. Finally, the Asian Group supported the creation of appropriate subsidiary organs composed of experts to deal with technical and legal issues. He also called for special attention to be given to the situation of least developed and island developing countries.

10. The spokesman for the African Group (Nigeria) pointed out that developing countries owned about 21 per cent of the total world fleet. This percentage, however, was disproportionate to the cargoes generated by developing countries and ownership was in fact concentrated in only a few countries. His Group was concerned at the growing trend towards liberalization measures in the maritime sector, believing that in general liberalization must be introduced progressively to ensure that developing countries' merchant fleets were not adversely affected and that changes were set in the wider context of economic adjustment programmes.

11. With regard to the work programme, he stated that the African Group attached particular importance to (i) the Working Group on International Shipping Legislation; (ii) ship financing for developing countries; (iii) the forthcoming UNCTAD/IMO Conference on Maritime Liens and Mortgages; and (iv) the technical cooperation programmes such as TRAINMAR, JOBMAR, ACIS and ASYCUDA.

12. The representative of Japan focused on three key elements of the proposed work programme. First, he considered that the concepts of privatization, commercialization and progressive liberalization, including cooperation with developed countries, should be included in the programme. Secondly, development of human resources should be emphasized as an essential aspect of technical assistance activities. Thirdly, work programme elements needed to

be prioritized within the time-span and existing resources. When it came to setting guidelines for specific work, he cautioned that governments should not become involved in issues that were better dealt with by the private sector. The programme should avoid duplication and inconsistency with the work of other international bodies, and should be clearly defined to bring about results over the next four years. Finally, he considered that legal aspects of the work programme were not an immediate priority because legal matters should be examined when the exercise on socio-economic factors justified it.

13. The representative of China expressed his delegation's appreciation for the draft programme of work (TD/B/CN.4/4), which reflected the main issues of maritime transport and problems in other transport-related areas. In general, he felt that cooperation among developing countries in shipping matters, as well as between developing countries and developed countries, should be reinforced. In particular, it was hoped that maritime developed countries could provide the developing countries with efficient assistance in shipping infrastructure, ship financing, technological development and technology transfer.

14. The representative of Peru, underlining the importance of shipping in international trade, said that the ultimate goal was to provide a service of quality at a competitive cost in order to meet adequately the transport requirements of the trading community. Although developing countries had increased their participation in world shipping and they now controlled between 10 and 20 per cent of the world fleet, 80 per cent of those ships were owned by eight countries. In this connection, he noted that a document prepared by the secretariat stated that the problems of shipping in developing countries should be solved through the development of national infrastructure and capabilities, as well as through policies and regulations aimed at fostering competitiveness in a free market. UNCTAD's medium-term plan for the years 1992-1997 forecast that the work should be focused on four areas of activity: shipping; ports and related services; international multimodal transport; and maritime and transport legislation. These four areas of activity reflected the terms of reference approved by the Trade and Development Board at the second part of its thirty-eighth session. That should guide the Standing Committee in adopting its work programme for the

period 1993-1995. In the area of shipping, analytical work should be carried out on national shipping policies in order to identify ways in which maritime transport could be developed most beneficially. In addition, the international structural and technological developments should be closely monitored and reported. In the field of ports, he underlined two main issues: port management and port infrastructure. In the area of multimodal transport, he stressed the importance of identifying ways to ensure the efficient conduct of multimodal transport processes, bearing in mind the economic, commercial and legal aspects.

15. He considered that it was important to pursue the work on maritime and transport legislation in the new context of liberalization. This would include, in particular, helping developing countries to modernize their national legislation on maritime transport, continuing with the work on ship financing (including ship leasing), and revising the Convention on the Arrest of Ships. Assistance should be provided to developing countries to enable them to increase their knowledge of charter parties and general average and to promote cooperation in the field of maritime transport at the regional and subregional levels through the harmonization of their maritime laws and regulations. In this context, it was essential for developing countries to have access to technical cooperation programmes.

16. The representative of Mexico emphasized the role of maritime transport in the Mexican foreign trade and referred to the measures being taken to modernize and privatize national ports. The UNCTAD secretariat had an important role to play in supporting private and public entities in their efforts to improve maritime transport and the related services sector. The TRAINMAR centres were very useful in helping developing countries to benefit fully from technical assistance in ports and multimodal transport. His delegation considered that the Committee's programme of work should reflect the Cartagena Commitment and provide a balanced set of actions for addressing national and international issues.

17. The representative of the United States of America said that the new spirit of partnership among States meant that better and more efficient use should be made of resources in all fields between now and UNCTAD IX. Experience was available in different countries on the several alternatives to

investment in shipping and that experience should be taken into account. He felt that shipping should be regarded in its two aspects: as a service to trade and as a tool for development. In the view of his delegation, the four priority items for the programme of work were:

- (a) to assess whether investment in the merchant marine was feasible for countries, taking into consideration transport needs; in this context he pointed to the analytical tools available for this assessment, such as cost-benefit analysis;
- (b) if investment in shipping was feasible, the studies should identify policies that promoted the provision of competitive shipping services; for this, case studies should be used;
- (c) when companies were already in the shipping business, the studies should indicate the need for these companies to be market-oriented, for the skill of their management to be good enough for exposure to the world competition, and for the experience of the private sector to be taken into account;
- (d) finally, studies should identify the weaknesses in shipping, ports and multimodal transport that precluded the functioning of competitive shipping services.

18. The representative of Australia stated that his country was mainly a user of shipping services, its own fleet carrying less than 10 per cent of the country's seaborne trade. He felt that a new approach to maritime transport problems was needed which would enable all countries to benefit from the improvement of maritime transport.

19. Referring to the work programme of the Standing Committee, he pointed out that it should meet the following requirements: it should be relevant to the terms of reference of the Committee, should be specific and clear, and should be achievable. The Committee must decide on the priorities of its work. In general, there should be a balance of interests of shippers and shipowners, orderly dissemination of information on ports, and development of multimodal transport.

20. The representative of Canada believed that the Spirit of Cartagena should inspire the work of the Standing Committee. The main challenge for the Committee was to set priorities for a practical work programme which could be accomplished before UNCTAD IX. This was particularly important in today's

economic environment of limited resources. To help the Committee to prioritize topics, he requested that the UNCTAD secretariat make a statement on the human and financial resources currently available. In general, he urged the Committee to focus on issues relating to: (i) the users of maritime services; (ii) port management; (iii) human resource development; and (iv) multimodal transport.

21. The representative of the Russian Federation stated that, as the legal successor to the former USSR in the United Nations, his country was interested in the improvement of UNCTAD's activities in the field of shipping and in the improvement of the quality of the work of the secretariat and the documents prepared by it.

22. Referring to the draft work programme (TD/B/CN.4/4), the representative of Poland said that it was important to examine in greater depth the balanced development of shipping services. The analysis of new developments should lead to remedies to rectify possible imbalances between supply and demand in all sectors of world shipping markets.

23. The representative of the International Association of Ports and Harbours (IAPH) endorsed the programme of work proposed by the secretariat in the field of ports and said that the Association could provide assistance through existing information and surveys of its membership. More specifically, the Association was willing to continue its support for the kind of joint work carried out in the past, such as monographs on port management. IAPH was also ready to support training programmes such as TRAINMAR and JOBMAR, and the organization of joint regional seminars. Finally, IAPH endorsed the proposal for a port meeting in 1993 devoted exclusively to discussing port matters.

24. The observer of the International Chamber of Commerce (ICC) said that promoting the economic growth of developing countries was a key objective of ICC and that cooperation with UNCTAD, particularly in the maritime field, had been particularly fruitful. In the light of the decision that would be taken by the Committee on the work programme, ICC would consider how best to continue its collaboration. Among the various possible subjects, ICC was very interested in that of ship leasing, especially from the point of view of developing countries. ICC recognized the financial burden placed on some developing countries which were trying to maintain a shipping fleet to assist

in trading their goods internationally. In pursuing its key objective of fostering the growth of developing countries, ICC had created the Centre for Maritime Cooperation (CMC) specifically to assist the shipping industry in developing countries by disseminating information and educating commercial parties in developed countries about the potential mutual advantages of entering into joint shipping ventures with developing nations. Ship leasing could indeed offer both developed and developing countries equally interesting opportunities. In principle, therefore, ICC would be prepared to work jointly with UNCTAD on this subject. ICC and its Commission on Sea Transport would be glad to give further consideration to this and other matters once more formal proposals had been developed.

25. The representative of the Board of the Cartagena Agreement (JUNAC) said that the proposed programme of work for the Committee was timely and of key importance to the Andean Pact countries. Drastic changes had recently occurred in shipping in the five countries: cargo reservation laws had been eliminated, opening access to any carrier; at the same time, shipping policies were being considered to promote the merchant marine of the Andean Pact, to offer the possibility of a second register, to promote joint ventures and remove some of the labour and fiscal requirements imposed on shipping companies. Another element of change was the liberalization and commercialization that were being applied to the port sector. Regarding multimodal transport, he stated that a recent meeting of transport Ministers had recommended the implementation of a law on multimodal transport by the five countries of the Andean Pact. In the light of these efforts, he felt that the new programme of work should seek to ensure that countries such as the Andean Pact countries should obtain full support from the UNCTAD secretariat in the implementation of their new and market-oriented transport policies.

26. The representative of the United Kingdom, speaking on behalf of the European Community and its member States, emphasized that the programme of work on shipping should fully reflect the implications of the Cartagena Commitment, bearing in mind that shipping was a central element of global transport issues and that transport was crucial to trade. The objectives of the participation of developing countries in international shipping should therefore be addressed more realistically, and the aspects of liberalization

more substantially. The Community was committed to the importance of technical cooperation, which was intended to support and assist developing countries in the identification of their weaknesses and capabilities in the services sector and in making their services sector more competitive.

27. The representative of the Commission of the European Communities, elaborating on the above remarks, observed that past and present shipping policies must first be analysed taking into account their global effect on trade. The analysis should cover the relationship between sectoral policies and the overall economic and development policy. Emphasis should be placed on analytical work which promoted consensus on the shipping-related issues. He felt that the proposed programme of work was not focused on priority subjects and was too wide-ranging to be realistic. The basic task of the Committee was to define a well-focused and manageable programme of work to be carried out until its second session on maritime issues. The Committee would then, at its next session, be in a position to determine whether any shift of emphasis or any additional items would need to be included for subsequent work.

28. The representative of the International Labour Office (ILO) recalled the maritime conventions and recommendations adopted by the Organization, known as the International Seafarers' Code. Referring to certain policy issues in the draft work programme - i.e. comparative analysis of national shipping policies and their impact on fleet development and service qualities, as well as the comparative analysis on conditions for registration of ships and possible action towards implementation of provisions of the United Nations Convention on Conditions for Registration of Ships - he suggested that the Committee include in these said analyses policies related to the application of relevant maritime labour Conventions that would ensure that a ship was considered standard by any port State control agreement in force. Moreover, any action taken in the field of human resource development should ensure that the minimum ILO standards were complied with. This would require a programme for harmonizing maritime labour legislation. As to the draft programme on ports, he observed that institutional adjustments were being made in the port industry and that rapid changes were taking place in the operation of ports by national port authorities. These changes affected port labour. He pointed out that any project for port privatization should include a training scheme

for retraining people who had been made redundant by such privatization. The ILO had a programme for harmonizing port worker training courses and ILO and UNCTAD's TRAINMAR project were working closely in Latin America in this field. The ILO was ready to collaborate closely with UNCTAD in the realization of the final programme the Committee would adopt, and he urged that issues affecting employment opportunities be contemplated from the perspective of both ILO and UNCTAD.

29. The observer for the International Association of Cities and Ports (IACP)* said that his organization, which was founded in 1988, sought to build up on objectives of cities and ports to promote economic and social development. The Association believed that exchange of information and solidarity between ports and cities would benefit ports and cities throughout the world, and it was willing to support the work of the Committee to promote the role of ports as focal points in international trade.

30. The observer for the International Federation of Freight Forwarders' Associations (FIATA) said that formerly freight forwarders had acted in the organization of transport chains as agents of shippers, but today they were accepted as carriers with overall responsibility and liability for the transport chain and they issued a single transport document as multimodal transport operators. Multimodal transport was an integrated part of production and an important means for developing countries to develop their local and foreign trade and commerce. He pointed out that freight forwarders did not require specific infrastructure or equipment of their own, but took advantage of efficient transport systems and of technology related to containerization and electronic data interchange.

31. He recommended that consultation mechanisms be built up between governmental entities, freight forwarders, transport carriers and transport users to discuss all matters of common interest for developing multimodal transport. The task of such consultation bodies should be to identify existing obstacles and to assist in improving the national transport environment. One of the main obstacles to the development of multimodal

*/ Participating in the session by decision of the Standing Committee at its 3rd meeting, on 3 November 1992.

transport in developing countries was the lack or inadequacy of the institutional and legal transport environment. An excellent example of a liberal legal framework for multimodal transport operations was the legislation governing multimodal transport in the Andean Pact countries, where the legislation was or was expected to be principally based on the UNCTAD/ICC Rules for Multimodal Transport Documents.

32. Acknowledging that the lack of well-trained personnel was a problem in the development of transport sectors, especially in multimodal transport, he said that UNCTAD and FIATA were currently investigating the possibility of organizing workshops on multimodal transport.

Chapter I

ESTABLISHMENT OF THE WORK PROGRAMME OF THE STANDING COMMITTEE
ON DEVELOPING SERVICES SECTORS: FOSTERING COMPETITIVE SERVICES
SECTORS IN DEVELOPING COUNTRIES: SHIPPING

(Agenda item 3)

1. For its consideration of this agenda item, the Standing Committee had before it the following document prepared by the UNCTAD secretariat:

"Draft programme of work of the Standing Committee on Developing Services
Sectors: Fostering Competitive Services Sectors in Developing
Countries: Shipping" (TD/B/CN.4/4)

In addition, the following documents were also made available to the Standing Committee to assist it in the consideration of this item:

"Industry and policy developments in world shipping and their impact on
developing countries" - report by the UNCTAD secretariat (TD/B/CN.4/5)

"Report of the Expert Group on Shipping Policy convened by the
Secretary-General of UNCTAD" (18-19 May 1992) (TD/B/CN.4/6)

"Review of Maritime Transport, 1991" - report by the UNCTAD secretariat
(TD/B/CN.4/8 and Corr.1-2)

"Review of activities in the field of shipping, ports and multimodal
transport" - note by the UNCTAD secretariat (UNCTAD/SHIP/643).

2. At its 2nd plenary meeting, on 2 November 1992, the Standing Committee decided to convert itself into an informal working group to consider in detail the draft programme of work.

[To be completed as appropriate]

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

1. The first session of the Standing Committee on Developing Services Sectors (Shipping) was opened on 2 November 1992 by the Deputy Secretary-General of UNCTAD.

B. Election of officers

(Agenda item 1)

2. The Deputy Secretary-General of UNCTAD recalled that, at its first pre-sessional executive session, the Trade and Development Board had agreed that the rules of procedure of the main Committees of the Board should be applied to the new Standing Committees, albeit in as flexible a manner as possible, when electing the Officers of the Standing Committees, taking into account the principles of equitable geographical distribution. Furthermore, at the first part of its thirty-ninth session, the Board had reaffirmed that, so far as the Standing Committees were concerned, the Chairman and other members of the Bureau of each of these Committees should be elected at the beginning of each new session and that prior consultations should be held in order to reach agreement beforehand on the membership of the Bureau.

3. At its 1st meeting, on 2 November 1992, the Standing Committee on Developing Services Sectors (Shipping) elected its officers as follows:

<u>Chairman:</u>	Admiral Madhat Abd El Bari	(Egypt)
<u>Vice-Chairmen:</u>	Mr. Ch. Papagiorgakis	(Greece)
	Mr. S.N. Kakar	(India)
	Mr. O. Adegbeyeni	(Nigeria)
	Mr. O. de Rivero	(Peru)
	Mr. V.S. Tsyachnikov	(Russian Federation)
<u>Rapporteur:</u>	Mr. N. Ide	(Japan)

C. Adoption of the agenda and organization of work

(Agenda item 2)

4. At the same meeting, the Standing Committee adopted the provisional agenda circulated in TD/B/CN.4/3. The agenda for the session therefore read as follows:

1. Election of officers
2. Adoption of the agenda and organization of work

3. Establishment of the work programme of the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries: Shipping
4. Provisional agenda for the second session of the Standing Committee (Shipping)
5. Other business
6. Adoption of the report of the Standing Committee (Shipping) to the Trade and Development Board.

D. Provisional agenda for the second session
of the Standing Committee (Shipping)

(Agenda item 4)

[To be completed]

E. Other business

(Agenda item 5)

[To be completed as appropriate]

F. Adoption of the report of the Standing Committee
(Shipping) to the Trade and Development Board

(Agenda item 6)

[To be completed]

Annex

MEMBERSHIP AND ATTENDANCE

[To be completed]

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First session
Agenda item 3

ESTABLISHMENT OF THE WORK PROGRAMME IN SHIPPING, PORTS AND MULTIMODAL TRANSPORT

Draft work programme submitted by the Chairman

- A. Pursuant to a New Partnership for Development, the Cartagena Commitment adopted at the eighth session of the Conference, the Standing Committee agreed, on the basis of Board decision 398 (XXXVIII) which sets out in Annex B the terms of reference of the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries, to the following work programme in the fields of shipping, ports and multimodal transport for the period up to the next session of the Conference.

Promoting Transparency

B. The Standing Committee will:

1. collect and disseminate information on technological and structural changes in shipping, ports, multimodal transport and on the balance between supply and demand for maritime transport services, information may be reported, as appropriate;
2. collect and disseminate information on measures, including laws and regulations, affecting access to markets for international shipping and multimodal transport, and affecting port services with a view to enhancing the participation of developing countries in these areas.

Fostering Competitive Maritime Transport Services

C. The Standing Committee will:

In the field of shipping:

1. undertake comparative analysis of the shipping sector and related policies in different countries with a view to determining factors contributing to or impeding the development of competitive national shipping industries, including the participation by the private sector and/or commercialization programmes to increase market orientation and to facilitate provision of competitive shipping services. In doing so, the general economic and social environment in the countries concerned is to be borne in mind;
2. assess the impact of progressive liberalization on the development of shipping services and examine difficulties faced by service suppliers of developing countries in providing competitive shipping services;
3. monitor and report on changes in national practices covering shipper/ocean carrier relations, and changes in shipper requirements regarding the quality and conditions of shipping and port services;

4. identify and examine possible activities and policies aimed at enhancing cooperation in the field of shipping, ports and multimodal transport, as a means to stimulate the development of the maritime transport sector in developing countries and countries in transition,
5. study prevailing ship financing arrangements and consider the adequacy in meeting the requirements of developing countries in this respect.

In the field of ports

1. undertake comparative analysis of the port sector and related policies in different countries with a view to determining the factors (including economic, commercial, financial, operational, organizational, administrative, legal, commercialization, privatization, deregulation, environmental) which can contribute to a better management, efficiency and sustainable development of ports and related port services, wherever possible this work will be in collaboration with interested countries and/or international/regional port associations,
2. assess, while having due regard to competition between ports, the potentialities for increased regional cooperation and whenever possible improve the circulation of information between ports (information systems, cost structures, statistical systems, regulations etc.) including the exchange of expertise.

In the field of multimodal transport, technological development and containerization

1. analyse the impact of multimodal transport systems and tariffs on trading opportunities in the context of liberalization and privatization. The need to encourage commercially and economically effective joint-venture multimodal transport operations should be taken into account in such an analysis,

2. elaborate a reference document (MT Handbook) for officials and practitioners, setting out the basic concepts of multimodal transport, problems and pitfalls, possible solutions and the major issues to be tackled by the private and public sectors in the process of developing multimodal transport in a country;
3. monitor developments in containerization and related transport technology with potential impacts, particularly for developing countries, on countries' transport infrastructure and investment requirements, including developments in the field of standardization of containers.

In the field of maritime legislation

1. complete the on-going work of the UNCTAD secretariat on general average, in close collaboration with the relevant international commercial organizations including CMI, IUMI and AIDE;
2. study possible amendment of the 1952 Convention on Arrest of Ships jointly with IMO subject to the agreement by the Joint UNCTAD/IMO Intergovernmental Group of Experts on Maritime Liens and Mortgages and Related Subjects and following the UN/IMO Conference of Plenipotentiaries on Maritime Liens and Mortgages;
3. analyse legal aspects of ship leasing in developing countries, including problems faced by these countries;
4. monitor the implementation of international shipping instruments adopted under the auspices of the United Nations currently in force.

In carrying out its work, the Standing Committee would give particular attention to the situation of the least developed countries, and suggest ways and means for improving their capacity.

D. **Strengthening technical cooperation and human resource development**

In the field of human resource development

The UNCTAD secretariat will:

1. coordinate activities of the TRAINMAR programme for cooperation among maritime management training centres, and develop initiatives to strengthen the capacity of every centre, paying due regard to optimum utilization of its maritime expertise, to:
 - identify human resource development needs;
 - develop or adapt training programmes on priority questions of policy, operational and career development nature;
 - plan and execute joint programmes with other centres;
 - exchange experience;
2. draw up programmes further contributing to efficient conduct of multimodal transport processes, port management operations, organization of shipping and related services;
3. organize policy seminars and workshops to disseminate the findings of UNCTAD studies and to train officials to more effectively plan and manage maritime related activities including strategic planning;
4. maintain and strengthen cooperation with ILO, IMO and other concerned international agencies in the elaboration, promotion and execution of human resource development programmes;
5. Conduct, in close collaboration with the relevant organizations such as BIMCO, an educational programme on the subject of charter parties, with special emphasis on the use of clauses related to shipment of products of interest to developing countries.

In the field of technical cooperation

The UNCTAD secretariat will, upon request, provide advice and assistance in areas within its competence. Such examples are:

- the identification of infrastructure development needs;
- feasibility studies for future investments and joint ventures in shipping, in conjunction with the World Bank and other competent organizations;
- the management of shipping, ports and multimodal transport operations through programmes such as IPP, JOBMAR and ACIS;
- the identification of bottlenecks to the effective flow of cargo along the transport chain;
- the harmonization and modernization of national transport legislation;
- supporting the harmonization and subregional coordination in the development of multimodal transport, in consultation with industry as appropriate through comparative analysis focusing on experiences of various countries and subregions.
- the introduction of EDI taking into account the importance of EDIFACT for effective trade and transport and having due regard to the need to standardize procedures and documentation as the first step in the EDI process.

E. Outputs, activities and dates of completion of work

The Trade and Development Board, through its President, will receive information from the secretariat before 31 January 1993 in the form of a list of specific outputs and activities, as well as the estimated dates of completion of work for each of the elements of the work programme.